

2015 STREAMLINED SALES TAX BILL

Prior Law

Iowa is a full member state in the Streamlined Sales and Use Tax Agreement. As a full member, Iowa must keep its statutes in compliance with the Agreement.

Sales of food and food ingredients are generally exempt from Iowa sales and use tax. However, sales of prepared food are not exempt from sales and use tax. The Iowa Department of Revenue did not consider “take-and-bake” pizzas to be prepared food under the statute, and therefore they were exempt from sales and use tax.

Iowa Code section 423.52 provides relief from liability for sellers and certified service providers for incorrectly charging or collecting sales or use tax in certain circumstances.

New Provisions

2015 Iowa Acts House File 621 clarifies that food that ordinarily requires additional cooking by the consumer prior to consumption is not taxable as “prepared food.” “Take-and-bake” pizzas are still exempt from sales tax; it is now explicitly in the statute.

House File 621 also provides liability relief for sellers and certified service providers consistent with the Streamlined Sales and Use Tax Agreement. Sellers and certified service providers are now relieved from liability for charging and collecting the incorrect amount of sales and use tax based on erroneous data provided in the state’s taxability matrix.

Sections Amended

Section 1 of 2015 Iowa Acts House File 621 amends Section 423.3, subsection 57, paragraph f, subparagraph (3), Code 2015, by adding new subparagraph division (e). Section 2 amends section 423.52, Code 2015, by adding new subsection 3.

Effective Date

July 1, 2015